

**OKANOGAN COUNTY, WASHINGTON**  
**January 1, 1994 Through December 31, 1994**

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**Schedule Of Findings**

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1. Okanogan County Fair Should Improve Controls Over Cash Receipts

Our review of the Okanogan County Fair's cash receipting and depositing procedures disclosed the following internal control weaknesses and noncompliance with statutory requirements.

- a. The fair has inadequate accountability over revenues from gate receipts. During the 1995 fair, an assistant state auditor observed the procedures at the fair admissions gate and determined that, during the observation period, tickets for admittance were not issued to persons attending the fair. We requested the 1995 ticket sales reports to determine what had been submitted to the fair office for documentation. Fair managers had not received the ticket sales reports at the time of our request (over two months after the end of the fair) and the person responsible was on vacation during the remainder of our audit.
- b. Our review of the 1994 fair deposits revealed that cash received at the fair office is usually held for several weeks before being deposited with the county treasurer. During the 1994 fair (September 9-12), approximately \$60,000 was turned in for gate ticket sales. However, the moneys were not deposited with the county until September 28, 1994, through October 21, 1994.

RCW 43.09.200 states in part:

The [accounting] system shall exhibit true accounts and detailed statements of funds collected, received, and expended . . . and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction . . . .

RCW 43.09.240 states in part:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the taxing district once every twenty-four consecutive hours . . . .

Without proper ticket procedures and ticket sales reports, there is no assurance that all moneys collected during the fair were receipted and deposited with the county treasurer. The fair staff's failure to deposit moneys in a timely manner increases the risk that irregularities could occur and not be detected. Also, by failing to remit moneys to the county treasurer as collected, the county does not obtain maximum investment earnings on the money.

The State Auditor's Office has worked with the fair management extensively on these

issues in the last few years, including ticket reconciliations and timely deposits.

We recommend that the Okanogan County Fair establish and maintain adequate internal controls to determine that revenues are accounted for and cash is safeguarded.

2. Okanogan County Noxious Weed Control Board Should Establish Controls Over Billings And Receipts For Services

During our examination we identified the following material internal control weaknesses:

- a. The board has inadequate accountability over revenues from weed spraying and hand pull crews. There is no numerical accountability over items invoiced or the sources of the billing. Invoices to landowners, with associated documentation, are filed by type of weed and landowner in individual file folders, which increases the likelihood that files will be misplaced without the board missing it. We requested copies of documentation for some collections and the staff was unable to locate the file for one of the ten items requested. We requested copies of the chemical inventory logs to trace the use of chemicals to an invoice and the staff was unable to locate the logs.
- b. No accounts receivable control ledger has been established. If established and monitored properly, a control ledger identifies total accounts receivable due the board, allows monthly billings to be reconciled to cash receipts, and identifies any missing invoices or revenues.
- c. We reviewed invoices from August 1994 and found several which were outstanding at the time of our audit in December 1995. Of these, we found that liens were not always filed within the ninety days as required by law.
- d. The board is not depositing collections in a timely manner. The collections are often remitted only monthly to the county treasurer, even though the treasurer's office is located in the same building as the Noxious Weed Control Board offices.

RCW 43.09.200 states in part:

The [accounting] system shall exhibit true accounts and detailed statements of funds collected, received, and expended . . . and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction . . . .

RCW 17.10.300 requires that the lien on the property which had weeds controlled by the board, be filed with the county auditor within 90 days of the cessation of performing the services.

Article XI, Section 15 of the *Constitution of the State of Washington* requires all moneys be deposited immediately with the treasurer of the municipal corporation.

RCW 43.09.240 states in part:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the taxing district once every twenty-four consecutive hours.

The lack of numerical accountability over the invoices prevent us from determining if all revenues earned were billed and collected. The lack of a control ledger prevents us from verifying that all accounts were collected and that any account adjustments were properly authorized by the weed board. The board's failure to deposit moneys in a timely manner increases the risk that errors or irregularities could occur and not be detected. Also, by

failing to remit moneys to the county treasurer as collected, the county does not obtain maximum investment earnings on the money.

We recommend that the Okanogan County Noxious Weed Control Board establish and maintain adequate internal controls to:

- a. Show all revenues earned are billed.
- b. Show all invoices are collected or liens filed in a timely manner.
- c. Show all adjustments to invoices were approved by the board.
- d. Remit all collections to the treasurer in a timely manner.

3. Okanogan County Should Prepare And Submit The Annual Report Within The Prescribed Time

Okanogan County's annual financial reports for 1994 were not prepared and submitted to the Office of State Auditor and made available for public review within 150 days after the close of the fiscal year.

RCW 43.09.230 states in part:

The state auditor shall require from every taxing district and other political subdivisions financial reports covering the full period of each fiscal year . . . Such reports shall be prepared, certified, and filed with the division within one hundred fifty days after the close of each fiscal year.

When financial reports are not prepared and filed as required, the users of these reports are denied access to the county's financial information. Such users include:

- a. The taxpayers within the county.
- b. The state Legislature, which receives a copy of the annual volume of comparative statistics for all municipalities, published pursuant to RCW 43.09.230.

In addition, when the information provided in the county's financial statements and schedules is not available in a timely manner, audit time and costs could be significantly increased.

The county was delayed in the preparation of their financial reports because they have failed to commit adequate resources to meet the annual deadline.

We recommend that the county submit the annual report within 150 days after the close of the fiscal year.